

City of Pittsburg

North Broadway Redevelopment Project: TIF, TDD, and Brownfields

Presented by Allen D. Gill, City Manager

“Nuts and Bolts of Redeveloping Brownfields”
August 29, 2007

North Broadway Redevelopment Goals

- Add jobs
- Add sales tax income – Recapture lost sales \$
- Improve appearance of major gateway to City
- Create spin-off developments
- Clean up abandoned concrete plant
- Clean up zinc and lead waste – Brownfields
- Open up access road to previously landlocked property

1991 Satellite Photo of new Home Depot Center with Traffic Counts Pittsburg, Kansas



Project Summary

- 27.5 Acres
- 174,513 Square Feet of Retail Space
- Anchor Store: The Home Depot
- Junior Anchor, Retail Shop Center, plus 4 Outlots
- \$26 Million Project Cost
- \$6.7 Million TIF and TDD Assistance
- \$40 Million Annual Sales
- 120 Jobs – Home Depot Alone

Obstacles to Redevelopment Site

- 7 Property Owners
- 4 Existing Businesses to Relocate
- Abandoned Concrete Plant
- Buried Fuel Tanks
- Zinc Smelter Contamination
- KDOT Drainage Easement

Result: Development costs are prohibitive,
unless financial incentives are added.

TIF Assistance Provided

- Land Acquisition
- Site Clearance and Demolition
- Environmental Remediation
- Water and Sewer Extensions
- Parking Lot
- Drainage

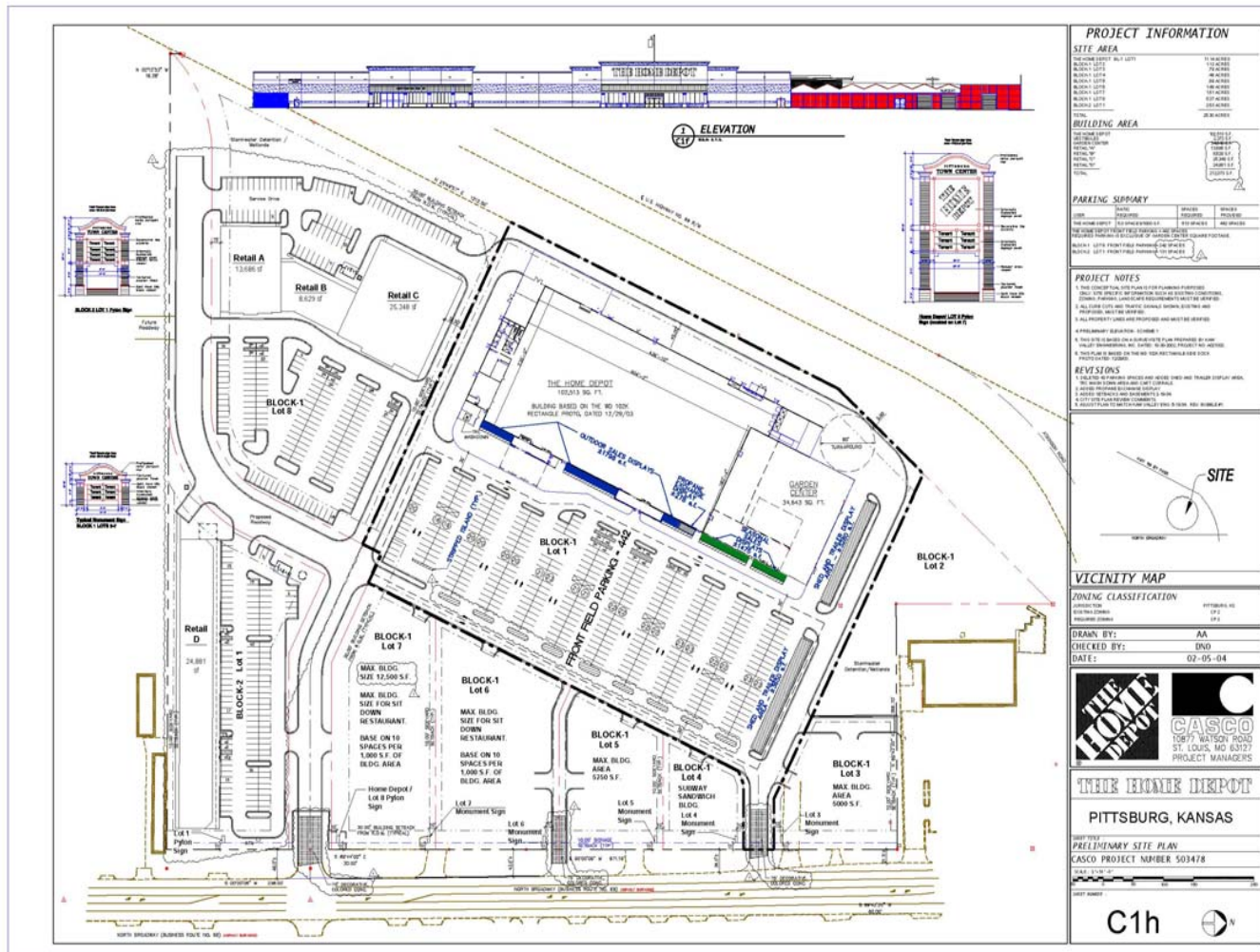
TDD Assistance Provided

- Public Access Road Through Development
- 10% of Site Clearance & Demolition
- 10% of Parking Lot

Note: Funded by 0.30¢ sales tax on all businesses in the district.

N. Broadway Redevelopment: Brownfields Aspects

- Zinc and lead waste known to exist on site, primarily as scattered surface material.
- Phase I and Phase 2 environmental assessments done, including soil samples & borings.
- Concentrated waste pockets and smelter foundations unearthed during excavation.
- KDHE Voluntary Cleanup Program (VCP) provided technical assistance and environmental permits for clean-up plan.
- 50,000 tons of waste buried under 29th Street so clean title could be conveyed to retail tenants.
- “Environmental Use Controls” placed on burial site to prevent future excavation.



Project Financing

1.	Total Project Costs (Excluding Tenant Finish)		\$26,175,665
	a. Land and Relocation Expense	\$3,300,000	
	b. Project Infrastructure*	\$3,235,600	
	c. Buildings	\$18,838,475	
	d. Professional Services	\$801,590	
	Total	<u>\$26,175,665</u>	
2.	Expenditures Eligible for TIF and TDD		
	a. Tax Increment Financing	\$4,938,360	19%
	b. Transportation Development District	\$1,837,240	7%
	Total	<u>\$6,775,600</u>	<u>26%</u>
3.	Comparison of Private and Public Cost Allocation		
	a. Total Costs	\$26,175,933	
	b. Publicly Financed (and Capped)	6,775,597	26%
	c. Privately Financed	19,400,336	74%

*"Infrastructure" refers to the development costs (other than land acquisition) authorized by the TIF Act as reimbursable expenses through the tax increment. It includes "hard" site preparation and development costs and "soft" costs such as professional fees.



20554 ZINC SMELTERS, PITTSBURG DISTRICT, PITTSBURG, KAN.













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Eminent Domain

- Project would have died without eminent domain
- 5 of 7 property owners agreed to sale contracts
- One owner spoke little English – had to be handled through legal channels
- One owner demanded far more than property was worth – more than project could afford to pay
- “Holdout” owner controlled the center of the redevelopment site – not possible to go around
- Cost of Brownfields cleanup could not have been absorbed by a smaller project
- Tenant renting the condemned space was successfully relocated with City assistance
- Owner was more than adequately compensated by court for value of property and lost rent

Questions?

For More Information: www.pittks.org